



June 27, 2005

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Room TW-B204  
Washington, DC 20554

By electronic mail, original via First Class Mail

Re: WT Docket 02-353  
WT Docket 04-356  
RM-10956

Dear Ms. Dortch:

We are writing to urge the Commission to address the shortcomings in its rules for the auction of Advanced Wireless Services (AWS) and other important wireless spectrum. Specifically, the Commission's designated entity (DE) program, developed by the Commission to implement Section 309(j) of the Communications Act, has become a substantially misdirected program because it has been co-opted by those who the program was never intended to benefit, namely large national wireless carriers and high net worth individuals. Chugach Alaska Corporation ("Chugach") therefore urges the Commission to implement four rule changes, summarized below, to limit further abuses of the DE program, restoring program integrity consistent with the original intent of both congress and the Commission.

Chugach is the Alaska Native Regional Corporation for the Chugach region established pursuant to the Alaska Native Claims Settlement Act of 1971, as amended, 43 U.S.C. § 1601, *et seq.* ("ANCSA"). Chugach is active in an array of businesses, including telecommunications, and is seeking to participate in the upcoming Advanced Wireless Services auctions to further our mission of providing economic and social benefits to our Alaska Native shareholders.

We are deeply concerned that the DE program has been co-opted by large national wireless carriers through partnerships with DEs, allowing these national carriers to realize benefits intended for DEs. Over the years the Commission has relaxed its control standards, along with other DE rules, which has been partly responsible for the current situation. Regardless of the cause, large national carriers, particularly in the wake of recent industry consolidation and with their already formidable balance sheets, have no justification for benefiting from advantages earmarked for DEs.


Similarly, a number of high net worth individuals, oftentimes-former industry executives, have found that they can act as the controlling party of DEs. Congress and the Commission again surely did not intend that already wealthy individuals should benefit from further assistance by the government. Such individuals may contribute to the success of DEs as managers, directors or non-control investors, but they should not take the place of DEs themselves.

We therefore urge the Commission to adopt four specific changes to the existing DE program to address this situation. Specifically, we recommend that:

- Large incumbent wireless carriers (defined as having wireless revenues of \$5 billion or more) should not be allowed to partner with DEs in-region.
- The maximum AWS DE bid credit should increase from 25% to 35%.
- The DE bid credit should increase by 10 points (i.e., from our maximum proposed 35% to 45%) for those DEs who disproportionately serve underserved segments of the population, namely low income and minority group segments.
- High net worth individuals (with net worth exceeding \$3 million, excluding interests in their primary house) should not have a controlling interest in a DE.

These changes to the DE Program will help promote competition and ensure diversity of ownership in the wireless industry, benefiting carriers and consumers alike. Importantly, this is highly consistent with the Commission's intent in forming the DE Program to implement Section 309(j) of the Communications Act. We ask the Commission to amend the current auction rules ahead of the upcoming Advanced Wireless Services auctions to preserve real competition in the wireless industry and advance the Commission's work regarding Section 309(j).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "B. Uhart", with a stylized, cursive-like flourish at the end.

Barney Uhart  
President and CEO